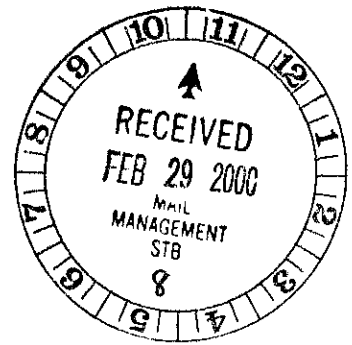


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RAIL VAN GLOBAL LOGISTICS



February 28, 2000

Surface Transportation Board
Office of the Secretary
Case Control Unit
Attn: STB Ex Parte No. 582
1925 K Street, N.W.
Washington, D.C.

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Dear Mr. Williams:

Attached are our written comments regarding the STB Ex Parte No. 582.

Tim Trempert

AVP Rail Operations
Rail Van, LLC

400 W. Wilson Bridge Road P.O. Box 328 Worthington, Ohio 43085
614-436-6262 800-837-7584



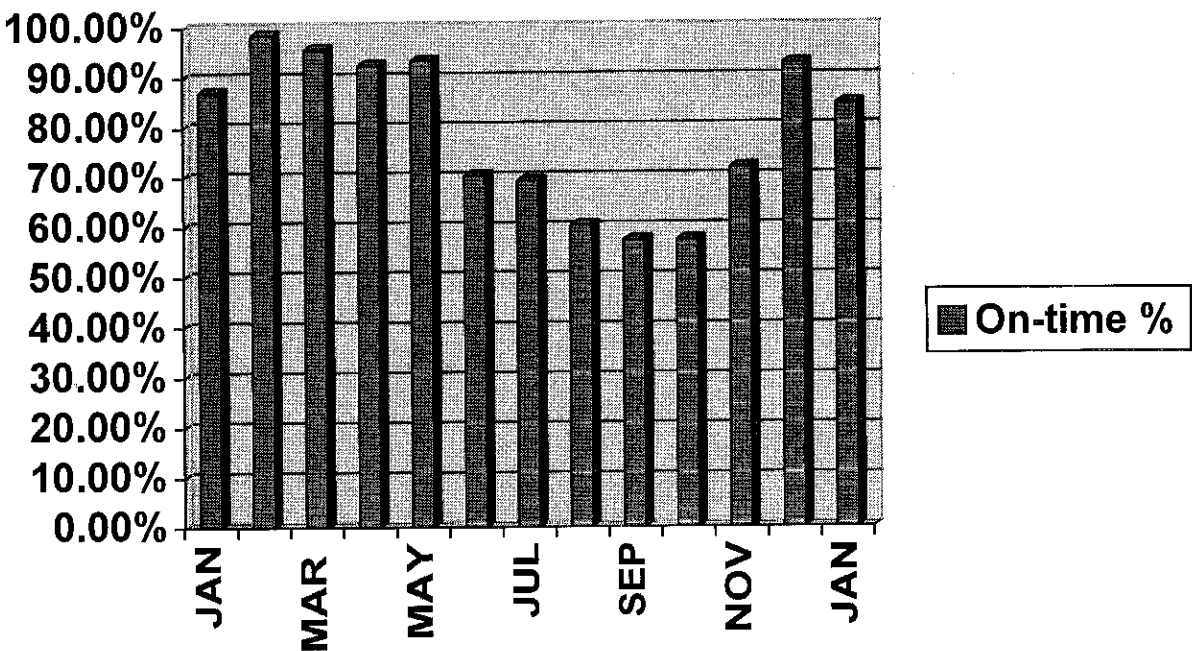
Comments on the BNSF/CN merger proposal. Reference STB Ex Parte No. 582.

Presented by: Rail Van, LLC

The systems issues, infrastructure issues, labor issues and poor performance must be overcome in total before Rail Van could support another merger. Mergers in the past have been allowed to occur without these issues being resolved. The impact on our customers, and on the entire nation has been considerable.

Certain corridors have had tremendous service issues that have shut plants down and caused shippers to use alternative modes of transportation. Rail Van has tracked the number of times a customer was forced to go to a truck mode versus a boxcar mode. For this particular customer, they had 40,128 shipments go via truck that should have gone boxcar in 1998. In 1999 that number increased to 87,016. This is an increase of 117%. It is believed that this was largely due to the poor service of the NS after the split up of Conrail.

Below is a graph which shows another customer and its intermodal freight performance. As you can see, there was a significant drop after the takeover of Conrail. This has improved slightly in the past couple of months, but is still a tremendous issue considering that peak shipping season is over. This graph covers the period from Jan 1999 through Jan 2000 on the NS.



Despite promises from NS and CSX that they had learned from the UP/SP merger, we have seen considerable problems. Most of these problems have been at the expense of the shipper. Rail Van has had to accommodate the “new” structures that mergers have brought with no benefit to us, the customer. Our systems had to be changed for new quote numbers, and EDI changed so that the “new” railroad got the billing. Railroads have dictated how the customer will do business after the merger, with little to no consideration given as to the impact this has on customers. Shippers were told to comply or they couldn’t ship the freight.



Customer service after the most recent merger as well as previous mergers reached an all time low. It was taking Rail Van in excess of 30 minutes to contact a customer service rep at the CSX and NS after the merger. We were told that was because of all the calls that were coming into the customer service centers. Not only was our freight delayed, but we could not find out why. These issues did not exist to this extent prior to the merger. Despite the issues we have had with the NS customer service center, they have just announced that they are reducing the hours that customer service will be available. We are a 24 hour 7 day a week operation and require assistance at all hours. Our understanding is that the NS has offered early buyouts to some of their customer service people even though the customer service continues to deteriorate.

This lack of regard to customer satisfaction is similar to what we experienced with the BN and ATSF merger. Prior to that merger, Rail Van had an on-site representative from the ATSF. This representative was able to help us resolve issues, answer questions and helped our company achieve an all time high of EDI compliance. Once the merger took place, we were told that this was no longer cost effective and the representative was removed. This person has never been replaced despite requests to do so. Once again the customer was negatively impacted by a merger. If efficiencies were truly gained because of the merger, why were cuts made in customer service?

A similar disregard for the customer was exhibited during the 1997 UP/SP merger. The entire country was in gridlock and the UP could find no way to move the freight efficiently. The UP did not have the ability to notify customers when they couldn't move the freight, so some cars sat for months in places like Texas while the customer shipped truck because the freight had not arrived. In an effort to reduce costs, the UP had terminated employment with many of the SP employees at the time of the merger. This was before the UP had considered all of the operational effect that the merger would have on the railroad. Once again, the railroads attempted to increase profits by making cuts that impacted the customer negatively.

When mergers occur, competitive factors go down. Rail Van has been told by various railroads that while there may not be rail to rail competition that truck is still a competitive factor. Mergers have created the opportunity for railroads to raise rates to a level that is competitive with truck, which have caused overall rates to increase. When service issues are brought up, we are told that truck is an option if the service does not meet the needs of the customer. Transit times vary greatly, especially on the railcar side of the business. Our customer is penalized if they do not unload these units within the free time, but planning is nearly impossible with transit time variability as great as it is.

It would appear that rather than create efficiencies, mergers have allowed railroads to make cuts in service which have impacted the customer while improving railroad margins. If guarantees are going to be made regarding service and equipment, then the STB should also ensure that penalties which benefit those who are affected by poor service and lack of equipment are also part of the guarantee.

The railroads have done a terrible job of providing service to our shippers during the last six years. Each year we seem to find new ways to drag down the network. Equipment is short, service is unreliable and the railroads seem to have the ability to charge what they wish when providing equipment.

The rhetoric from the NS and CSX would lead one to believe that they were indeed ready to absorb Conrail into their systems. Unfortunately, within a relatively short period of time both railroads were in gridlock and have yet to fully recover.

Rail Van asks that the STB carefully consider both the economic and service ramifications of the BNSF-CN merger. We must protect both our beneficial owners and carrier base to provide a better transportation network for the future.